which is the first component of the original amendment. FA239 is pending. (Legislative Journal page 1907.)

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Senator Raikes, would you like to take a brief moment and just give a brief description of this portion of the divided question and then we'll begin debate?

SENATOR RAIKES: Okay. Thank you, Mr. Lieutenant Governor and members. Again, this bill deals with ethanol production incentives. The amendment is a...an idea, I guess you could describe it, for assigning those incentives. There are basically incentives that are assigned in...under this amendment, according to the economic conditions that a plant finds itself in, and that is defined by oil prices and corn prices. In instances where there are low corn prices and high oil prices, ethanol plants would be expected to be profitable and no incentives would be provided. In conditions where there are high corn and low oil prices, ethanol would not be profitable or would not expected to be profitable so that incentives would be provided. This simply divides the conditions or divides up conditions so that in some of those conditions incentives are paid, in others they are not. This is part one of the amendment that we are now discussing.

PRESIDENT MAURSTAD: Thank you, Senator Raikes. For debate on FA239 to LB 536, Senator Beutler.

SENATOR BEUTLER: Lieutenant Governor Maurstad, members of the Legislature, I appreciate as always Senator Raikes' efforts to refine different kinds of propositions and to translate them into some kind of economic terms and to sophisticate the process that we're involved in. But from my perspective, this particular amendment has one enormous fatal flaw, and that flaw is simply that I don't think any financial institution would be able to count on ethanol productions, ethanol credits, in situations where they were putting together financing packages for these ethanol plants. And if in the context, the new industry like this that is requiring complicated financing and that financing is related to federal credits which expire in 2007, it is important that the amortization of the plants be